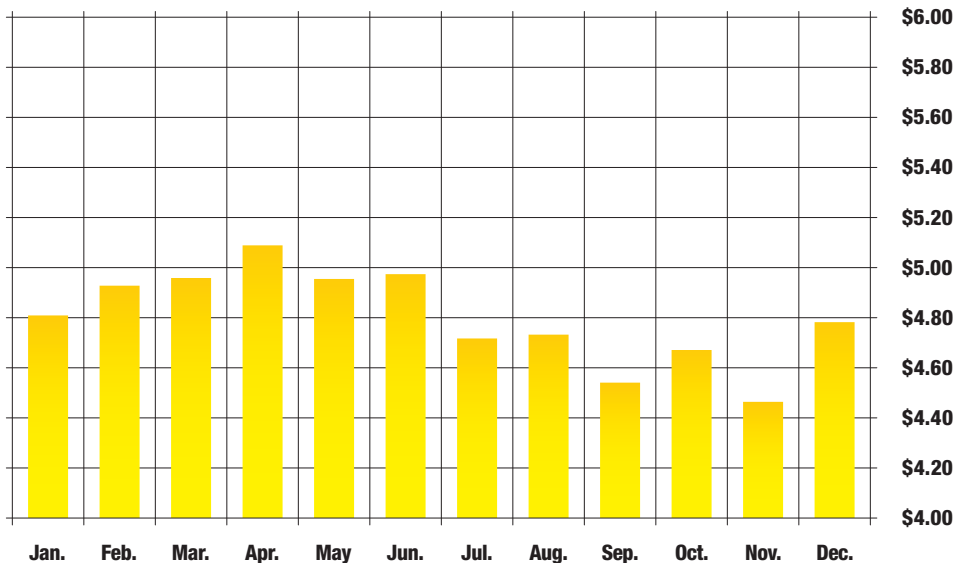


# YOUR PROFIT

By Al Kluis



## Seasonal Corn Prices (10-Year Monthly Average)



This 10-year seasonal odds chart shows April and December being two good months to sell. The lows usually develop before the main corn harvest starts, during the month of September. In the last few years, it's best to avoid sales in September and November and to get the corn crop sold and hedged ahead while you are planting.

## CORN AND SOYBEAN SEASONAL PATTERNS

**PATTERNS HAVE CHANGED IN THE LAST DECADE.**

**A**t the start of one of my late-August seminars, I got this question: Have the seasonal odds patterns changed because of the increased crop production out of South America?

I told the attendee that I would have to get back to him in about a week. That's because I needed to complete my annual seasonal odds update in early September before I could give him an answer.

When I work with my corn and soybean charts and my

**Have the seasonal odds patterns changed because of the increased crop production out of South America?**

seasonal odds studies, I also work on a marketing year calendar from September through August (rather than a calendar year schedule). In the last few years, I have started to chart on the South American marketing year of March through February.

When I updated

my spreadsheets and created the new seasonal odds studies, I compared the current seasonal odds pattern with the seasonal odds pattern from 10 years ago. What I noticed was a big change in the corn seasonal odds pattern and a slight change in the soybean seasonal odds patterns.

To get a long-term historic look at how seasonal odds have changed, I brought out my 1981 *Charting for Profit* textbook that I wrote with *Successful Farming* magazine Editor Loren Kruse 36 years ago. This textbook used data from 1971 to 1981 to make those charts. I noted some major changes that have developed in the last 40 years.

### WHAT'S CHANGED?

**F**or corn, today's seasonal odds pattern shows that the highs now come in much earlier in the year. The best time to sell corn

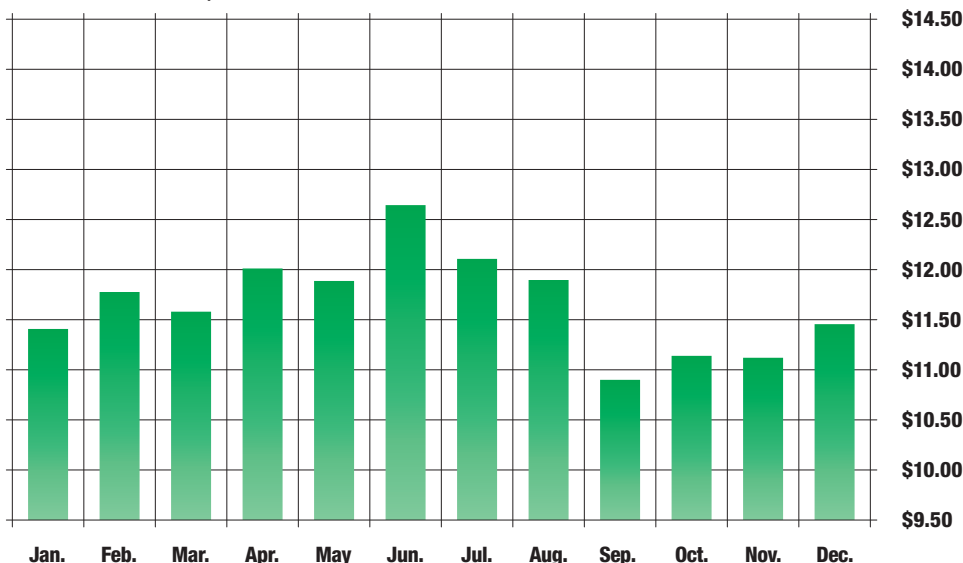
is in April and May. The worst time is in late August to September. The main reason for these lows is the large number of bushels that are forced onto the corn market in late August when farmers have to price their delayed price (DP) contracts.

The seasonal studies from 10 years ago showed major lows in March and October with the highs in June and July. The lows that developed in March 10 years ago were because of the huge amounts of corn that had to be sold for land, rent, and equipment payments.

### HOW THEY COMPARE

**T**he yearly price ranges today are a lot larger than when I put my initial study together in 1981. The 1981 chart showed a July high and a November low. With all of the new grain storage that has been built, the corn market often bottoms now

## Seasonal Soybean Prices (10-Year Monthly Average)



This 10-year seasonal odds chart shows that June is usually the best month to sell, with April a close second. The South American harvest low in March and the U.S. harvest low in September are two months to avoid.

on the last flush of old-crop sales, as farmers sell to get the bins empty before the next harvest.

For soybeans, the current 10-year seasonal odds chart shows a pattern that is very similar to the one 10 years ago. The difference is that 10 years ago there was a June high and an October low. Now, there is a preharvest South American high in April and a secondary high in June, followed by lows in March and September. Today's chart reflects the increasing amount of soybeans that are harvested in Brazil and Argentina. The market now has two seasonal rallies and two harvest lows each year.

When I look at my soybean seasonal odds chart from 1981, it shows a rally from the lows in October and March to the major high in June. In 1981, the U.S. soybean crop and the weather in North America were the main market factors. Ten years ago, the U.S. was the number one soybean exporter in the world; today, Brazil is the largest soybean exporter in the world.

### What has changed the most in grain marketing over the last 40 years?

#### OTHER CHANGES

One other question that has to do with changes was asked in my late-August seminar: What has changed the most in grain marketing over the last 40 years?

As you might imagine, a lot has changed.

You used to call in orders to a broker, who

called them in to a runner, who took the order to the pit. Now, many of you place hedges from your own computer or you phone right into the CBOT.

The CBOT used to rise and fall on U.S. weather and weather forecasts, so it was pretty quiet in the winter. Now, in the global marketplace, you can watch weather around the world and focus on what it's doing in South America during the winter.

The biggest change has been how everyone uses the internet to gather and distribute information. What used to take three days to reach the public now take less than three minutes. For the younger farmers who use social media, it's more like three seconds.

That exchange of information has really helped level the playing field in the grain markets.

In an ever-changing

global market, the biggest challenge for you is to develop and execute a disciplined marketing plan so you can control how you make decisions that are *not* based on greed and fear. **SF**

**NOTE: Trading of futures and options has substantial financial risk of loss and is not for all investors.**

### AL KLUIS Commodity Trader

Al Kluis has been trading grain futures since 1974. Sign up for a free trial to his daily morning email and weekly "Al Kluis Report" by going to [alkluis.com](http://alkluis.com).



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